

WG-III D-6

July 5, 1957

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EDAC Working Group III, Economic Defense Policy & Planning

MEMORANDUM FOR THE CHAIRMAN, EDAC WORKING GROUP III

SUBJECT: NATO and the CG

This memorandum suggests, in outline, some of the major points for consideration by the Working Group in fulfilling its assignment from the Executive Committee.

I. Purpose of the Assignment

A. The Working Group is directed to develop recommendations to implement the following:

1. In NSC 5704/1, paragraph 16:

Seek a close association with NATO and other security alliances and, where feasible, to obtain their consideration and advice on appropriate economic security problems.

2. In the JCS Memorandum for the Secretary of Defense, 13, June 1957, the following parts of paragraph 3. b.:

The advisability of introducing the trade control question into the North Atlantic Council to insure that the strategic and security aspects of this vital Western cold war instrument are accorded proper emphasis vis-a-vis economic and commercial considerations. The Joint Chiefs of Staff are strongly of the opinion that this step should be taken, and that the United States should thereafter intensify its role of leadership in defending the controls. In event of referral of the trade control question to NATO, the procedures to be adopted for coordination with Japan.

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B. As pointed out in the JCS Memorandum above, the basic reason for asking NATO advice on this matter is "to insure that

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The strategic and security aspects of this vital Western cold war instrument are accorded proper emphasis vis-a-vis economic and commercial considerations." When the CG was set up, one of its announced objectives was "the implementation of an agreed policy for the control of exports on grounds of security. . .". However, (a) since it is an "informal" organization, operating under the rule of unanimity, and (b) since a trade control program naturally puts some restrictions on commercial operations, over the course of time other objectives--political, commercial, psychological--have beclouded the security objective. This confusion of objectives has had its effect in narrowing the COCOM criteria, in weakening administration and enforcement of the economic defense program, and in a loss of US leadership in the program. NATO is the primary international organization having responsibility for the military security of the major productive areas of the free world. NATO has broad intelligence resources and constantly makes estimates of the military/logistic capabilities of the bloc vis-a-vis the free world. It should be in the best position to judge how the CG/COCOM program fits into the overall security picture.

II. What do we want NATO to do?

A. At the outset, it should be emphasized that we are not recommending that NATO "take over" CG/COCOM. We are asking that NATO render advice to the CG forum in the security context. The request is put forward, in the light of a change in the NATO

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structure made in 1956, as a result of recommendations by the Committee of Three. There was set up then a Committee of Economic Advisers, which "will discuss any economic issues of special interest to the Alliance, particularly those which have political or defense implications, or affect the economic health of the Atlantic Community as a whole, without, however, duplicating the work which is being carried out in other more specialized international organizations." (C-M (57) 60, 24 April 1957). This Committee would appear to be the appropriate one to consider the given problem.

B. Specifically, NATO advice should be asked on the following proposition and questions:

1. Identify those key resources, commodities and services which are sufficient to bridge the gap between the military/logistic requirements of the Sino-Soviet bloc and the bloc's ability to meet these requirements.
2. Do the present COCOM criteria permit the application of trade controls that will result in significant bottlenecks in the bloc's military/logistic capability?
3. Can the establishment of such bottlenecks in the Sino-Soviet bloc reduce NATO's cost of maintaining security? Conversely, if the bottlenecks are removed, will the cost of maintaining security be increased? Give examples.

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III. Channel for presentation to NATO

A. There are at least two possible channels through which the request could be presented to NATO:

1. Multilaterally, through CG/COCOM;
2. Unilaterally, by the US, through its NATO Ambassador.

B. It is recommended that the US unilateral approach be made. Concurrently with making its approach to NATO, however, the US should, bilaterally, advise the other PC's of its action, together with the rationale therefor, along the lines sketched in paragraph I, B above. The problem therefore resolves itself to the drafting of a message to the US Ambassador to NATO and a message to the COCOM membership.

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